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STATE FOR NEA/MAG (HARRIS) AND EB/TPP/ABT (LERSTON)
STATE PASS USTR (BELL AND HEYLIGER), USPTO (ADLIN AND
ADAMS), USAID (MCCLOUD)
USDOC FOR ITA/MAC/ONE (ROTH), ITA/OTEXA (DANDREA), ADVOCACY
CTR (JAMES), AND CLDP (TEJTEL)
CASABLANCA FOR FCS (ORTIZ)
LONDON AND PARIS FOR NEA WATCHER

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TAGS: [ECON](#) [ELAB](#) [ETRD](#) [BEXP](#) [KTEX](#) [TS](#)

SUBJECT: TUNISIAN TEXTILE WORKERS FACE UNCERTAIN FUTURE

REF: A. STATE 138090

[1](#)B. TUNIS 2418

[1](#)1. (U) Summary: This is the second of a two-part series on the Tunisian textile sector. This cable addresses the impact of the end of the Multifiber Agreement on workers. While textile organizations and manufacturers viewed 2005 results as better than expected, the reality has been bleaker for Tunisian textile workers, who face factory closures and a lack of unemployment benefits. As the sector re-orientes from labor-intensive textile manufactures to higher-quality, value-added products, the number of textile jobs has decreased. The absence of a GOT unemployment system has made this transition particularly difficult for Tunisian textile workers. End Summary.

[1](#)2. (SBU) The textile sector is responsible for nearly 50 percent of Tunisia's manufacturing employment, or 200,000 out of 543,000 manufacturing jobs, according to the Technical Center for Textiles (CETTEX). While CETTEX and the National Federation of Textile Employers (FENATEX) presented a positive view of the sector's performance in 2005, Tunisian Workers' Union (UGTT) Assistant Secretary General Meddahi Abdennour stated that the end of the Multifiber Agreement, and the accompanying increased competition from cheap Asian textiles, had been a "big shock" and had created enormous social and economic problems. Abdennour estimates that during the past two years nearly 50 thousand jobs have been lost in the textile sector, representing a 20 percent decrease since 2004. Factory closures and lay-offs have become a not uncommon occurrence, although still a sensitive topic for many manufacturers. In a meeting with EconOff, Amel Bouchamaoui, Director of the Maille Fil textile company, reluctantly admitted to "reducing" her company's workforce as it lowered yarn production in favor of ready-made garments. The absence of any noticeable activity at Bouchamaoui's factory contradicted her story, which the factory guard also disputed, noting that her factory had stopped production one year ago and all 250 workers were let go. Although Abdennour believes that the worst has passed in terms of job cuts, he

believes that jobs will continue to be lost in the sector as less competitive textile producers close their factories.

13. (SBU) Faced with strong competition from cheaper Asian textiles, minimizing labor costs has become an even greater dilemma for Tunisian textile producers. Employment terms, including base wages, for textile workers are negotiated every three years by FENATEX, the textile employers' union, and the UGTT. Although FENATEX leadership claimed that the relationship between textile employers and laborers is harmonious, when EconOff asked about rumored strikes in the previous year, Secretary General Ali Nakai reluctantly admitted that a few strikes had occurred in 2005 during the wage negotiation process. (Note: Accurate information about strikes is not always available in the mainstream Tunisian press, which is largely controlled by the GOT. End Note.) However, Nakai remarked that workers understand they face the same reality as their employers and therefore, understood it was impossible to raise salaries in the current situation.

14. (SBU) UGTT Assistant Secretary General Abdenmour contrasted the amicable vision presented by FENATEX, remarking that there had been many strikes during 2005 and that the contract negotiations had been particularly difficult. According to Abdenmour, the 2005 contract negotiations took over six months to complete -- far longer than the negotiations that occurred for other sectors-- and required the intervention of the Ministry of Social Affairs. The sticking points were two employer demands: one to pay workers for hours of effective work, a provision that would allow employers to retain employees while only employing them (and paying them) when necessary; the second to retain the same wage structure negotiated during the 2002-2004 contract. While the UGTT was able to prevent the adoption of the

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effective work measure, they were forced to accept only a token wage increase over the 2002-2004 contract.

15. (SBU) Abdenmour noted that the absence of any GOT unemployment benefits has become a serious problem for textile workers. In general, those who lose their jobs after the age of 50 are eligible to begin receiving their retirement benefits from the GOT. All other workers receive only a one-time indemnity payment which is determined by the number of years of employment multiplied by the number of days wages specified by the contract, which might be as little as 15 days per year of employment. Although the contract requires this payment in order to lay off workers, Abdenmour cited many examples where employers, particularly foreign employers, closed their factories without paying their workers. In several cases, workers occupied factory premises until receiving an indemnity payment. Abdenmour cited one factory where 200 female employees have lived for 7-8 months after the owner closed the factory without final payments. In cases in which foreign employers depart Tunisia, the workers and UGTT often have little recourse. However, in one case, the UGTT was able to collect an indemnity payment for the Tunisian employees of a departed French employer after a French union ordered a strike at the employer's Marseilles factory on their behalf.

16. (SBU) Comment: Although the GOT and textile manufacturers have adopted a sound strategy for maintaining future competitiveness, the move away from labor-intensive textile products to value-added production will continue to have a strong and negative impact on employment in the textile sector. Given the high overall unemployment rate in Tunisia, officially 14.2 percent, the lack of GOT unemployment benefits and the failure of some employers to provide termination payments will continue to create social dislocation for the near future. End Comment.

BALLARD